

**BERRIEN COUNTY BROWNFIELD  
REDEVELOPMENT AUTHORITY**  
(A Component Unit of  
Berrien County, Michigan)



**St. Joseph, Michigan**

**Basic Financial Statements**

**For the Year Ended December 31, 2009**

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

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**INDEPENDENT AUDITORS' REPORT**

June 28, 2010

Board of Directors  
Berrien County Brownfield Redevelopment Authority  
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Berrien County Brownfield Redevelopment Authority (the "Authority")***, a ***discretely presented component unit of Berrien County, Michigan***, as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the ***Berrien County Brownfield Redevelopment Authority*** as of December 31, 2009, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the County of Berrien, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.



## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF BERRIEN, MICHIGAN**  
**Brownfield Redevelopment Authority Component Unit**  
**Statement of Net Assets and**  
**Governmental Fund Balance Sheet**  
**December 31, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and investments	\$ 821,526	\$ -	\$ 821,526
Due from other governments	2,188,503	-	2,188,503
Notes receivable	672,105	-	672,105
	<u>672,105</u>	<u>-</u>	<u>672,105</u>
<b>Total assets</b>	<u>\$ 3,682,134</u>	<u>-</u>	<u>3,682,134</u>
<b>Liabilities</b>			
Advances from other component unit	\$ 1,450,000	-	1,450,000
Deferred revenue	171,063	(171,063)	-
Long-term debt - due in more than one year	-	1,999,608	1,999,608
	<u>-</u>	<u>1,999,608</u>	<u>1,999,608</u>
Total liabilities	1,621,063	1,828,545	3,449,608
	<u>1,621,063</u>	<u>1,828,545</u>	<u>3,449,608</u>
<b>Fund balances</b>			
Unreserved, undesignated	2,061,071	(2,061,071)	-
	<u>2,061,071</u>	<u>(2,061,071)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,682,134</u>		
	<u>\$ 3,682,134</u>		
<b>Net assets</b>			
Unrestricted		<u>\$ 232,526</u>	<u>\$ 232,526</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF BERRIEN, MICHIGAN**  
**Brownfield Redevelopment Authority Component Unit**  
**Statement of Activities and**  
**Governmental Fund Revenue, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2009**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenue</b>			
Taxes	\$ 44,240	\$ -	\$ 44,240
Charges for services	24,722	171,063	195,785
Operating grants and contributions	95,562	-	95,562
	<hr/>	<hr/>	<hr/>
Total revenue	164,524	171,063	335,587
<b>Expenditures / expenses</b>			
Health and welfare	347,575	-	347,575
	<hr/>	<hr/>	<hr/>
Change in fund balance / net assets	(183,051)	171,063	(11,988)
<b>Fund balances / net assets</b>			
Beginning of year	2,244,122	(1,999,608)	244,514
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ 2,061,071</u>	<u>\$ (1,828,545)</u>	<u>\$ 232,526</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF BERRIEN, MICHIGAN**  
**Brownfield Redevelopment Authority Component Unit**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2009**

	<b>Budget (Original and Final)</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenue</b>			
Taxes	\$ 45,000	\$ 44,240	\$ (760)
Charges for services	6,000	24,722	18,722
Operating grants and contributions	521,307	95,562	(425,745)
Total revenues	572,307	164,524	(407,783)
<b>Expenditures</b>			
Health and welfare	572,307	347,575	(224,732)
Net change in fund balance	-	(183,051)	(183,051)
Fund balance, beginning of year	2,244,122	2,244,122	-
<b>Fund balance, end of year</b>	<b>\$ 2,244,122</b>	<b>\$ 2,061,071</b>	<b>\$ (183,051)</b>

The accompanying notes are an integral part of these financial statements.

## **NOTES to FINANCIAL STATEMENTS**

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – These financial statements present the activities of the Berrien County Brownfield Redevelopment Authority (the “Authority”). The Authority was established on January 13, 2000, pursuant to Public Act 381 of 1996. The primary purpose of the Authority is to revitalize environmentally contaminated properties in Berrien County. The Authority’s activities are primarily funded through grants.

The Authority is a component unit of Berrien County, Michigan (the “County”) because the County appoints the Authority’s Board of Directors, it has the ability to significantly influence the Authority’s operations, and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the Authority is presented as a discrete component unit in the County’s financial statements and is an integral part of that reporting entity.

**Government-wide and Fund Financial Statements** – As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

# **BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY**

## **Notes To Basic Financial Statements**

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Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports a single major governmental fund, which is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund, if any.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

### **2. POOLED CASH AND INVESTMENTS**

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the County's internal cash management pool, was \$821,526. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the County's basic financial statements.

### **3. DUE FROM OTHER GOVERNMENTS**

Amounts reported as due from other governments represent state and federal receivables from the Harbor Shores Infrastructure Project.

### **4. NOTES RECEIVABLE/DEFERRED REVENUE**

The Authority has entered into an agreement to advance funds to a local business in the amount of \$925,000 at the prime rate plus 1% (effective rate of 4.5% at December 31, 2009). Notes receivable are reported at an amount equal to the outstanding principal. As of December 31, 2009, \$501,042 of the principal payment was outstanding. Of this balance, \$154,167 is scheduled to be collected within one year.

The Authority also entered into an agreement with a local village during the year for reimbursement to the Authority for the purchase of land in the amount of \$189,785 at a rate of 0%. As of December 31, 2009, \$171,063 of the principal payment was outstanding. Of this balance, \$11,279 is expected to be collected within one year. The entire balance of this loan is deferred as future payments are not considered to be available.

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

### 5. ADVANCES FROM OTHER COMPONENT UNIT

The amount reported as advances from other component unit represents a \$1,450,000 loan from the Berrien County Economic Development Corporation. This loan is interest free, and has no specified repayment terms.

### 6. LONG-TERM DEBT

The Authority has issued long-term debt to finance the rehabilitation of contaminated land parcels. Such bonds are to be repaid from a property tax capture once the project is complete.

The Authority has the following bond issues outstanding:

	Due	Installments	Interest Rate	Amount
2007 Department of Environmental Quality Revolving Loan	2021	\$91,291 - \$109,101	0.00% - 2.00%	\$ 999,608
2007 Michigan Department of Environmental Quality Loan	2022	\$82,178 - \$100,174	0.00% - 2.00%	1,000,000
				\$1,999,608

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	\$ -	\$ -	\$ -
2011	-	-	-
2012	191,465	19,992	211,457
2013	175,295	36,163	211,458
2014	178,801	32,657	211,458
2015-2019	949,093	108,194	1,057,287
2020-2024	504,954	18,135	523,089
Total	\$ 1,999,608	\$ 215,141	\$ 2,214,749

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

The following is a summary of changes in long-term obligation transactions for the year ended December 31, 2009:

Total debt outstanding - January 1, 2009	\$ 1,999,608
Less principal payments	<u>-</u>
<b>Total debt outstanding - December 31, 2009</b>	<b><u>\$ 1,999,608</u></b>
<b>Due within one year</b>	<b><u>\$ -</u></b>

### 7. ADJUSTMENTS

Following is an explanation of the adjustments between the governmental funds balance sheet and the government-wide statement of net assets, which reconciles fund balances to net assets:

<b>Fund balance</b>	\$ 2,061,071
<b>Adjustments:</b>	
Notes receivable do not represent current financial resources and therefore are deferred in governmental funds	171,063
Bonds payable are not due and payable in the current period and therefore not reported in the governmental funds	<u>(1,999,608)</u>
<b>Net assets</b>	<b><u>\$ 232,526</u></b>

Following is an explanation of the adjustments between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities, which reconciles the net change in fund balances to the change in net assets:

<b>Net change in fund balances</b>	\$ (183,051)
<b>Adjustments</b>	
Governmental funds record revenue from notes receivable when collected. However, in the statement of activities, revenue is recognized on the sale date	<u>171,063</u>
<b>Change in net assets</b>	<b><u>\$ (11,988)</u></b>

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